Brown Brothers Harriman

BBH Select Series - Large Cap Fund

Quarterly Fund Update / 1Q 2021

Large-cap equities achieved new all-time highs during the first quarter of 2021 as investors bid aggressively for the shares of economically sensitive companies whose businesses are levered to a rebound from last year's pandemic-related contraction. The commencement of a new U.S. presidential administration and a shift of power in Congress lifted expectations that large fiscal stimulus programs would bolster aggregate demand, further boosting investor sentiment towards companies in the production sectors. The Federal Reserve maintained its accommodative stance and ongoing monetary policy operations, while also clearly communicating its intended forbearance regarding any movement towards policy normalization without a sustained upward shift in the rate of inflation.

For the second consecutive quarter, Energy and Financials were the top performing sector groups in the S&P 500 Index by a significant margin, followed by Industrials and Materials. Conversely, sector performance among less cyclical industry groups meaningfully lagged the overall Index performance. An even more striking contrast was evident in the double-digit outperformance of widely followed small- and micro-cap market indexes relative to the S&P 500, which demonstrates the risk-seeking investor preferences that drove the market. Factor analysis for the first quarter shows that attributes such as low trading multiples, high volatility, balance sheet leverage, and earnings variability were positively correlated with share price outperformance, while revenue growth, profitability, company size, and recent share price momentum were all detractive elements. Further illustrating the market's internal divergence, we observed that the quarterly return spread of the S&P 500 High Beta Index[1] versus the S&P 500 Low Volatility Index (described below) reached its highest point on a rolling six-month basis since 2009 – a year that featured a snapback rally following the global financial crisis.

Performance
As of March 31, 2021

	Total Returns		Average Annual Total Returns				
	3 Mo.*	YTD*	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
Class I	2.66%	2.66%	44.07%	N/A	N/A	N/A	12.47%
Benchmark	6.17%	6.17%	56.35%	N/A	N/A	N/A	22.52%
Retail Class	2.59%	2.59%	43.69%	N/A	N/A	N/A	11.90%
Benchmark	6.17%	6.17%	56.35%	N/A	N/A	N/A	22.52%

Class I Inception: 09/09/2019
Retail Class Inception: 09/09/2019

Class I: Net/Gross Expense Ratio (%) 0.74 / 0.74
Retail Class: Net/Gross Expense Ratio (%) 1.05 / 3.48

* Returns are not annualized.

The Investment Adviser has contractually agreed to limit the Total Annual Fund Operating Expenses for Retail Class shares to 1.05% through March 1, 2022. The Expense Limitation Agreement may only be terminated during its term with approval of the Fund's Board of Trustees (the "Board"). Funds redeemed within 30 days of purchase are subject to a redemption fee of 2%.

Past performance does not guarantee future results, and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than the original cost. For performance current to the most recent month-end please call 1-800-625-5759

The S&P 500 is an unmanaged weighted index of 500 stocks providing a broad indicator of stock price movements. The composition of the index is materially different than the Fund's holdings. The index is not available for direct investment.

Sources: BBH & Co. and S&P

The S&P 500 Index gained 6.17% in the first quarter on a total return basis. By comparison, BBH Select Series – Large Cap Fund ("the Fund") rose by 2.66%. Since its inception on September 9, 2019 through the end of March 2021, the Fund has risen by 12.47% on an annualized basis, compared to a 22.52% return for the S&P 500.

Our relative performance differentials versus the S&P 500 in recent years have been primarily a function of our lower exposure to the mega-cap technology and Internet companies that drove much of the performance of the Index. However, in the two most recent quarters, a notable pivot in risk preferences and the rotation of short-term oriented money towards what we could call the 'deep value' part of the market has greatly favored the shares of lower-quality businesses that do not fit our strict investment criteria. Although not by design, we have found that our recent performance has tracked more closely with the S&P 500 Low Volatility Index mentioned above. The methodology for this Index uses the inverse of observed volatility to set the position weights of its members. That we find kinship with a quantitatively driven Index is somewhat incongruous given that we do not equate price volatility with risk, nor do we apply any top-down mathematical heuristics in the management of our portfolio. However, since the Low Volatility Index is largely composed of quality companies with lower levels of cyclicality in their business models and characteristically strong balance sheets, the recent similarity of its performance to our own makes some intuitive sense, as companies with those same baseline attributes form the core of our portfolio at all points within market cycles, regardless of which higher-volatility sectors and styles may be leading at any given time.

[1] The S&P 500® High Beta Index measures the performance of 100 constituents in the S&P 500 that are most sensitive to changes in market returns.

Portfolio Contribution

Our largest positive contributor in the quarter was **Alphabet Inc.,** which returned 18% and was our largest position throughout the period. The company's shares gained sharply in early February following its report of stronger-than-expected financial results for the fourth quarter of 2020, showing a continuation of rapidly recovering revenue and earnings following the pandemic-driven stresses of prior quarters. In our view, the broad strength in Alphabet's performance highlights the clear value proposition and superior return on investment (ROI) of its core advertising businesses relative to legacy media, as well as the continued secular movement of advertising dollars towards digital platforms. As anticipated, the company disclosed for the first time additional financial detail for each of its operating segments, offering greater transparency regarding the strong profitability of the core advertising segments as well as the growth of the Cloud business and the investment needed to support its continued development. Overall revenue growth for the quarter exceeded 20%, while operating profit significantly exceeded expectations even as the company continued investing in its high-growth areas. Notably, the Cloud business grew revenues by 47% year-over-year, while its backlog of contracted revenues expanded by 60% to $30 billion. This segment continues to generate substantial current operating losses as it deploys large amounts of growth capital, research and development (R&D) spending, and sales resources to scale its infrastructure, bolster its service offerings, and pursue key enterprise computing engagements. We believe these operating losses should properly be viewed as well-justified investments in the long-term development of the business, and we would further argue that their current dampening impact on the company's overall profitability may represent a source of value that is not fully recognized in Alphabet's share price. Beyond these key investments in Cloud, we believe the company's ongoing development spending in areas such as hardware, machine learning, autonomous driving, and augmented/virtual reality will benefit not only its core businesses, but also the broader ecosystem of advertisers, application developers, business partners, and consumers, with attendant favorable prospects for future growth opportunities. In February, we trimmed a small amount of our position to fund other purchases, but Alphabet remained our largest holding as of quarter-end.

Holdings As of March 31, 2021	
Alphabet Inc (Class C)	7.2%
Berkshire Hathaway Inc (Class A)	6.0%
Linde PLC	4.7%
Mastercard Inc	4.4%
Arthur J Gallagher & Co	4.3%
Amazon.com Inc	4.2%
Zoetis Inc	4.2%
Alcon Inc	3.8%
Copart Inc	3.7%
Oracle Corp	3.6%
A O Smith Corp	3.0%
Abbott Laboratories	2.9%
Costco Wholesale Corp	2.9%
Celanese Corp	2.8%
Nike Inc	2.7%
Brown-Forman Corp (Class B)	2.6%
Thermo Fisher Scientific Inc	2.6%
Diageo PLC ADR	2.5%
Baxter International Inc	2.5%
Starbucks Corp	2.5%
Progressive Corp	2.5%
Waste Management Inc	2.4%
S&P Global Inc	2.4%
Colgate-Palmolive Co	2.2%
Graco Inc	2.2%
Sherwin-Williams Co	2.2%
Dollar General Corp	2.0%
Booking Holdings Inc	1.9%
Visa Inc	1.8%
Nestle SA ADR	1.7%
KLA Corp	1.7%
Comcast Corp (Class A)	1.6%
Cash and Cash Equivalents	2.2%

Holdings are subject to change.

Other positive contributors in the first quarter included **Berkshire Hathaway Inc., A.O. Smith Corp., Celanese Corp.,** and **KLA Corp.** Although shares of Berkshire advanced by nearly 11% over the three months, their performance lagged the 15% gain in the broader Financials sector, which was dominated by sharp upward movements among large global lenders and investment banks. Nevertheless, we remain pleased with Berkshire's earnings recovery over the last few quarters and we continue to view its strong financial positioning and capital flexibility not only as significant operational advantages, but also as bulwarks against economic or capital market stresses. Throughout 2020 (and into 2021, we suspect), the company remained active in repurchasing its own shares – a capital allocation decision that in part reflects challenging valuation levels in public equity markets. We modestly trimmed our Berkshire position in mid-March to provide funding for contemporaneous purchases elsewhere in the Fund.

Shares of A.O. Smith and Celanese gained 24% and 16%, respectively, benefiting from the aforementioned shift in investor sentiment that favored companies in the Industrial and Materials sectors. However, the strong stock performances were also supported by improving fundamental trends for both companies. In late January, A.O. Smith reported solid quarterly earnings, with substantial growth in revenue and earnings in both the U.S. and international markets. The stability afforded by replacement water heater demand in the U.S. (which constitutes the substantial majority of total

company sales) allowed A.O. Smith to navigate a year that was otherwise difficult from an economic perspective. The Chinese market, which had been challenging in recent years, showed a continued rebound in revenues with flow-through benefits for operating margins. In our view, the company's solid financial position, consistent replacement demand for premium products, and its longstanding relationships with channel partners and suppliers are key factors that can drive steady business results and create further opportunities for future strategic actions.

Fourth quarter results for Celanese showed a continued improvement in financial performance, with most end markets reaching pre-pandemic demand levels as robust manufacturing activity spurred gains in volume and pricing. Management's consistent execution on productivity initiatives as well as the structural cost advantages that have long been a hallmark of the company's business model continue to drive very strong levels of free cash flow generation, thereby strengthening the balance sheet and providing flexibility for future capital deployment.

KLA's recent operating results reflect very strong industry-wide demand for semiconductors, which not only benefits the company from an installed base perspective, but also creates a clearer path for future expansion of upstream manufacturing capacity that will require additional placements of KLA's testing and inspection equipment. With end-market tailwinds clearly evident in areas such as Cloud computing, mobile devices, 5G networks, and automobiles, KLA's run-rate of business activity has reached record levels, and the intermediate-term outlook is quite strong, in our view. While our estimate of the company's intrinsic value per share has risen substantially in the last year, we remain keenly aware of the cyclicality and potential for periodic overcapacity that has been endemic to the semiconductor industry over time. With the stock trading towards the higher end of our appraised range of value, we elected to reduce our position size by approximately half during the first quarter of 2021.

During the first quarter, consistent with the broad trends noted above, share price performances were relatively weak among many of our companies with less cyclical business attributes, including those within Consumer Staples, Healthcare, and Business Services. Our largest performance detractors during the first quarter were **Copart Inc.** and **Brown-Forman Corp.** After gaining 40% in calendar 2020, Copart shares slid by almost 15% during the first quarter even as reported results remained strong and the company's strategic initiatives remained on track. Key industry trends in the auto salvage market continue to be favorable, with supply growth beginning to show re-acceleration following the pandemic-driven trough and auction selling prices remaining at record levels. Moreover, we are pleased with the progress the company is making in markets outside the U.S. and believe that these regions will be important drivers of future growth in the business.

Brown-Forman shares declined by 13% in the quarter as investors evaluated the coming challenge of lapping strong pandemic-induced demand and the continued impact of tariffs. The company reported sequentially slower growth for its fiscal third quarter partly due to the outsized impact of a key product launch in the prior year as well as renewed social restrictions in the U.S. and certain international markets. Tariffs have come into sharper focus as an increase in American whiskey tariffs in the European Union (EU) is approaching in June 2021, and progress in this regard remains a near-term watch point. Recent favorable developments in the ongoing Boeing-Airbus trade dispute suggest possible de-escalation of punitive bilateral levies within several industries, and we are cautiously optimistic that a removal or reduction of spirits tariffs is a feasible scenario. Despite the sequential slowdown and tariff uncertainty, consumer demand for Brown-Forman's brands remains strong and temporary headwinds due to increased restrictions and inventory phasing should abate. Encouragingly, the company's premium brands including Woodford Reserve, Old Forester, and Herradura have continued to grow strongly through the pandemic and represent an increasing portion of the brand portfolio, which supports our positive views regarding long-term growth and value creation potential for the company.

Portfolio Changes and Valuation

During the first quarter, we initiated new positions in **Sherwin-Williams Co., Abbott Laboratories,** and **S&P Global Inc.** Each of these companies represents a strong degree of fit with our investment criteria, and they share the attractive common attribute of being leading providers of product and service offerings that meet the recurring operational needs of their customer bases.

Sherwin-Williams develops, manufacturers, and distributes paint, surface coatings, and related products to professional, industrial, commercial, and retail customers primarily in North and South America, with additional operations in the other developed markets. The company's operating model and sales activities are tailored to the respective needs of its three business segments: The Americas Group ("TAG"), Consumer Brands Group, and Performance Coatings.

Among the business segments, TAG is the largest profit generator and it is the area in which Sherwin-Williams's unique vertically integrated strategy confers particularly strong competitive advantages, in our view. With its 5,000 company-owned stores exclusively selling Sherwin-Williams branded coatings, the company is able to capture all of the economics of the value chain, provide a high level of service, and also draw insight from professional contractors, which in turn informs R&D activities, thus creating a beneficial feedback loop and enhancing customer loyalty. The quality, consistency, and performance characteristics of Sherwin-Williams's products combined with the ubiquity and convenience of its distribution points creates a strong overall value proposition for professional users. Importantly, these same factors provide a level of insulation against competitive encroachment by large-format home improvement retailers or e-commerce companies. We expect TAG to remain the key growth engine and profit center for the company, driven by continued store additions, volume expansion, and steady underlying demand dynamics linked to periodic repainting needs more so than new construction.

Complementing the TAG segment is the Consumer Brands business, which provides paints and coatings under proprietary brands that are sold through traditional retail channels, primarily serving 'do-it-yourself' customers. Sherwin-Williams has a key partnership with Lowe's, the second-largest home improvement retailer in the U.S., under which it is the exclusive paint provider. While this segment has a higher level of competitive intensity relative to TAG, it is nevertheless a solid contributor to the company's overall results. The Performance Coatings segment serves industrial and commercial end markets, where products are more specialized (e.g. powder coatings, high-performance marine paints) and the competitive landscape is significantly more fragmented. High switching costs for end-users improves revenue stability and provides a favorable offset to the generally lower margins available in this segment. The company intends to grow its scale in this business by acquiring additional businesses that serve niche markets or offer specialized coatings. Moreover, the industrial demand environment should continue to improve as pandemic-related headwinds ease, while incremental infrastructure investments funded by Federal and state governments could provide additional support.

One particularly important element of our long-term investment thesis for Sherwin-Williams is its consistent pricing power, which is not only a function of effective raw material pass-through, but also a reflection of periodic new product innovations that enhance the performance or simplify the application of its paints and coatings. The company's internal focus on R&D yields dozens of new products and product extensions each year and supports price increases that are backed by incremental value to the end-user. Because materials typically constitute a small percentage of the overall cost of a project and high-quality products can reduce labor time, professional painters are relatively price inelastic, further reinforcing Sherwin-Williams's ability to sustain premium pricing that supports gross margin leverage.

We believe that Sherwin-Williams offers a compelling combination of very favorable business attributes, a high level of long-term visibility, solid financial performance, and a strong operational and management culture that can drive attractive compounding of results over time and judiciously deploy incremental capital. We initiated our position in January and bought additional shares later in the quarter at price levels that offered appreciable upside to our estimated range of intrinsic value[2] per share.

In February, we began buying shares of Abbott Laboratories, a diversified global provider of healthcare products, medical equipment, and pharmaceuticals that operates four major segments: i) Nutrition (pediatric and adult nutrition products sold at retail); ii) Diagnostics (testing and analysis equipment and supplies for laboratory and clinical settings); iii) Established Pharmaceuticals (branded generics sold outside of the U.S.); and iv) Medical Devices (specialized products for cardiac treatment, neuromodulation, and diabetes care). The company holds the largest or second-largest market position in each of these constituent businesses, which we attribute to the quality of its products, their necessity and efficacy for end-users, and the effectiveness of its sales and distribution. Among large healthcare products companies, Abbott is distinguished by an attractive organic growth cadence that derives from a culture of continuous innovation and a decentralized operating structure that allows each of its business segments to nimbly iterate upon customer needs and R&D advances.

The COVID-19 pandemic has affected Abbott's business in various ways. Hospital procedure counts clearly suffered as capacity became limited, but diagnostics and lab work sharply accelerated. Less-affected portions of the business such as nutritional products and maintenance medications provided important ballast. This balance of impacts illustrates the benefit of Abbott's uniquely well-hedged business mix, in our view. The attractive growth profile of innovative, leading-edge products such as Abbott's Freestyle Libre glucose monitoring device, MitraClip heart valve implant, and Alinity diagnostic systems can drive long-term upside to the company's financial performance, while its large array of recurring-need products offers baseline stability.

In 2020, Abbott's Diagnostics segment benefited from nearly $4 billion in sales of COVID-19 testing products. While this revenue source will likely wane as vaccination and population immunity proliferate, the supplementary cash flow that has been generated presents attractive optionality, as we expect that management will make organic and inorganic investments to strengthen its presence in core markets and possibly enter complementary areas. We believe this activity will drive improvements in Abbott's scale and reach, which in turn should generate continued market share gains and additional deployable capital via earnings, ultimately leading to a sustainable growth rate that may exceed what is currently embedded in market expectations.

With Abbott sitting alongside our position in **Thermo Fisher Scientific Inc.** (purchased in 2020), we believe we now own two of the highest quality franchises in the healthcare industry, each of which has demonstrable leadership positions in a well-diversified set of businesses with attractive long-term secular growth characteristics.

In March, we initiated a new position in S&P Global Inc., a global provider of independent ratings, benchmarks, analytics, and data to the capital and commodity markets. Having divested its legacy publishing business several years ago, the company is now a pure-play leader in providing essential financial information and analysis, with attractive long-term prospects for organic and inorganic growth, in our view. In November 2020, S&P Global announced its intention to acquire **IHS Markit Ltd.** in an all-stock deal valued at $44 billion. We believe that the two companies complement each other well, particularly in areas such as financial and commodity market data. We expect not only meaningful cost synergies upon integration, but also the creation of broader market opportunities driven by cross-selling and leverageable technology assets.

[2] BBH's estimate of the present value of the cash that a business can generate and distribute to shareholders over its remaining life

S&P Global operates four main business segments: S&P Ratings, Market Intelligence, S&P Dow Jones Indexes, and Platts. In our view, each of these segments is a high-quality business in its own right, representing a strong degree of fit with our investment criteria. With service offerings that are embedded in customers' workflows, the interplay of the segments and their differing economic drivers helps to offset cyclicality of the combined entity and contributes to a predictable and growing revenue stream. Additionally, S&P's data-centric strategy enables it to cross-sell industry-specific information services to a broader array of buyers through its Market Intelligence platform.

S&P Ratings, the company's largest segment, benefits from high barriers to entry and government oversight that favors incumbent credit rating agencies (CRAs). The industry is a stable oligopoly in which there are nine SEC-recognized CRAs (officially called 'Nationally Recognized Statistical Rating Organizations' or NRSROs), with S&P and its largest competitor Moody's consistently capturing more than 80% market share. The incumbent CRAs also benefit from their reputational advantage insofar as institutional investors that buy fixed income securities are typically required by their investment prospectuses to invest in bonds rated by SEC-recognized NRSROs. These structural features of the industry allow S&P to earn strong returns on capital and benefit from recurring demand as well as growth linked to credit expansion. Moreover, the industry structure allows CRAs to take consistent price increases over time, which creates a 'GDP-plus' growth profile. The relatively low cost of debt ratings compared to total issuance costs and the typical interest rate advantage that results from publishing a rating from one of the top two providers constitute attractive unit economics at the borrower level, while also reinforcing S&P's advantages.

Market Intelligence provides professional users with financial information, market data, and risk assessment tools. The segment's sales are 97% subscription-based with 96% renewal revenues, which demonstrates the high switching costs faced by customers who incorporate the platform in their daily workflow. The company's growth and market share in this segment has improved following a transition from a seat-based model towards enterprise licenses that bill based on consumption. This strategy is unique in the industry, and it encourages more pervasive use within customer organizations by allowing light users to access the platform and embed it in their work without being required to purchase incremental seat licenses.

S&P Dow Jones Indices creates, maintains, and licenses well-known branded indices to institutions that run active and passive investment funds. The business continues to benefit from a broad shift towards passive strategies, for which the imprimatur of a well-recognized index is a critical, yet relatively low-cost component of managing assets. S&P's incumbent status and brand recognition supports its very stable industry position. Platts is the leading provider of information and benchmark prices for global energy and commodity markets. It serves as a standardized source of pricing that is explicitly written into contracts between commodity producers and their customers. Platts offers benchmark pricing for nearly 1,300 exchange-traded, cash-settled futures contracts. Substantially all of its revenues are subscription-based, and with 12,000 customers worldwide there is little risk from customer concentration. However, its exposure to the petroleum industry is high at nearly 70% of revenues. Nevertheless, the business is not exposed directly to commodity price movements.

Each of S&P Global's segments has leading scale, strong competitive advantages driven by highly recurring revenues, and stable dynamics among peers (in most cases duopoly or monopoly industry structures). At the consolidated level, this results in strong operating income margins, relatively low capital expenditure requirements to support growth, and highly attractive returns on invested capital.

Along with the purchases profiled above, during the first quarter we also added to our existing holdings of **Costco Wholesale Corp., Graco Inc., Starbucks Corp., Waste Management Inc., Amazon.com Inc.,** and Thermo Fischer. Graco, Starbucks, Amazon.com, and Thermo Fisher were new positions that we initiated during the second half of 2020, so our purchases during the first quarter reflected our desire to build towards full position sizes at attractive prices. Costco shares came under pressure as investors rotated away from consumer staples companies, in part due to fears regarding the sector's ability to grow sales in 2021 given the large amount of panic buying that occurred in the prior year. The company's financial performance has been consistently strong on a long-term basis, and unlike many other retailers, Costco earns most of its operating profit from membership fees, thus sales and margins are not the critical drivers of earnings. New member signups and membership retention are the key metrics that we monitor, and both have remained solid, supporting an annuity-type revenue stream that de-risks the traditional merchandising function. As pandemic-related business restrictions and incremental costs begin to taper in 2021, we expect additional margin support for the business, even if sales growth suffers from difficult year-over-year comparisons. We took advantage of this quarter's weakness in the share price by making a substantial addition to our position size.

In February, we added to our existing holdings of Waste Management as part of a rebalancing of our position sizes within the Industrials sector. We believe the company executed well throughout the pandemic period by prioritizing cost discipline to offset both volume headwinds and a temporary lull in standard pricing initiatives within the commercial collection business. With positive leverage to the continuation of economic re-opening in the U.S. and further operational synergies to be realized from the recent purchase of Advanced Disposal, we believe Waste Management is well positioned to achieve strong compounding of free cash flows over the next several years, which in turn should support debt paydown, dividend increases, and additional share repurchase activity.

We funded the purchases and portfolio additions discussed above by exiting our positions in four companies and trimming in several others. The four companies that we sold were **Perrigo Co., Allegion plc, FleetCor Technologies Inc.,** and **Henry Schein Inc.** Within Healthcare, our sales of Perrigo and Henry Schein were not undertaken as one-for-one counterparts to our recent purchases of Thermo Fisher and Abbott Laboratories, but we do believe that the sum total of our recent actions in the sector represent an upgrade in terms of quality, growth prospects, and our relative

degree of certainty. In our view, Perrigo remains well-positioned in its core U.S. private label healthcare products business, but the company has encountered a variety of other challenges in recent years, of which we had particular concerns with lingering tax liability issues that remain unsettled, as well as regulatory matters and recent execution missteps in the prescription generic drug segment. Henry Schein's dental and medical distribution businesses have begun to benefit from a normalization in the number of office visits, but we had developed a degree of concern that some portion of the margin pressures affecting the company in recent quarters may be attributable to structural factors that could persist for some time.

Regarding Allegion and FleetCor, we had been progressively trimming both positions during the first quarter as the companies' respective share prices approximated our estimates of intrinsic value per share. We sold our remaining holdings in March as we deployed capital elsewhere. We continue to view both businesses as being well positioned in attractive market niches, and we will monitor their progress and valuations in the future.

Along with these exits and the previously noted trims in our Alphabet, Berkshire Hathaway, and KLA positions, during the quarter we also reduced our holdings in **Comcast Corp.,** Celanese, A.O. Smith, and **Diageo PLC.**

At the end of the first quarter, we had positions in 32 companies with 46% of our assets held in the 10 largest holdings. As of March 31, the Fund was trading at 92% of our underlying intrinsic value estimates on a weighted-average basis, which compared to 95% at the outset of 2021, with the decline being attributable to our portfolio actions during the quarter. We ended the quarter with a cash position of 2.2%, which was higher than the prior quarter's level as our trims and sales exceeded purchases.

Commentary

A common feature of market cycles is that investors inevitably turn to greater risk acceptance as a source of additional upside as the perceived short-term rewards of doing such eclipse the merits of maintaining a more conservative approach focused on fundamental business quality and downside protection. These behavioral patterns conform to a purely academic view of markets, in which risk itself is the driver of higher nominal returns. But so long as these patterns create the potential for periodic overvaluation within certain parts of the market or the entire equity asset class (that is, if we assume that cycles still exist), the assumption of higher levels of risk simply means that investors are accepting lower certainty, lower quality, lower potential future returns, or all three. In our view, the only *durable* source of attractive returns and reducing the likelihood of a permanent capital loss through market cycles is the selection and ownership of high-quality, well-run businesses that can generate consistent, growing profits and deploy capital effectively. This has been the foundation of our investment process for the last 16 years.

We have been positively surprised by the resilience of the U.S. economy and the pace at which gross domestic product (GDP) and earnings have begun to recover from last year's pandemic-driven recession. The accompanying 80%+ return in the S&P 500 since March 2020 lows suggests that investor sentiment has eagerly embraced the quick pace of recovery and the perceived benefits of unprecedented government stimulus. However, we continue to have concerns regarding the contemporaneous rise of speculative zeal that has arisen in areas such as high yield bonds, micro-cap stocks, housing prices, shell corporation offerings, short-squeeze targets, and digital currencies and tokens. We believe these trends ultimately are linked to excess liquidity and unsustainable monetary policies, and we are mindful of the broader downside risks that may arise if rising inflation expectations create obstacles for the continuation of an 'easy money' backdrop. In addition, the now-stronger likelihood of tax increases at the corporate and individual level could begin to influence investors' risk-adjusted cost of capital assessments, presenting challenges for a market that remains at all-time highs relative to GDP.

Despite these uncertainties, we remain confident in the patient and long-term oriented nature of our approach – we will continue to buy and own high-quality businesses at discounts to our appraisals of their fundamental value, and we will trim or sell positions as discounts diminish. Our key objectives remain reducing the likelihood of a permanent capital loss and sustainable generation of attractive absolute returns on a compound basis over full market cycles. We will not sacrifice these key tenets of our investment process in the pursuit of short-term relative performance.

Sincerely,

Michael R. Keller, CFA
Fund Manager

Share Class Overview
As of March 31, 2021

	Ticker	Inception Date	Total Net Assets (mil)	NAV
Class I	BBLIX	09/09/2019	$456.4	$11.96
Retail Class	BBLRX	09/09/2019	$1.6	$11.87

Equity Weighting
As of March 31, 2021

Common Stock	97.8%
Cash and Cash Equivalents	2.2%
Total	**100.0%**

Fund Facts
As of March 31, 2021

Number of Securities Held	32
Average P/E	30.9
Average Market Cap (bil)	$226.2
Turnover (Rolling 12-Months)	30.92%

Exclude cash equivalents

Sector Weighting
As of March 31, 2021

Communication Services	9.1%
Consumer Discretionary	13.7%
Consumer Staples	12.2%
Energy	0.0%
Financials	15.4%
Health Care	16.4%
Industrials	11.6%
Information Technology	11.8%
Materials	9.9%
Real Estate	0.0%
Utilities	0.0%
Total	**100.0%**

Reported as a percentage of portfolio securities.

Top 10 Companies
As of March 31, 2021

Alphabet Inc	7.2%
Berkshire Hathaway Inc	6.0%
Linde PLC	4.7%
Mastercard Inc	4.4%
Arthur J Gallagher & Co	4.3%
Amazon.com Inc	4.2%
Zoetis Inc	4.2%
Alcon Inc	3.8%
Copart Inc	3.7%
Oracle Corp	3.6%
Total	**46.0%**

Reported as a percentage of total portfolio.

Holdings are subject to change. Totals may not sum due to rounding.

Price/Earnings (P/E) ratio is a company's current share price divided by earnings per-share.

Turnover ratio is the rate of trading in a portfolio; higher values imply more frequent trading.

Opinions, forecasts, and discussions about investment strategies represent the author's views as of the date of this commentary and are subject to change without notice. References to specific securities, asset classes, and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as recommendations.

Purchase and sale information provided should not be considered as a recommendation to purchase or sell a particular security and that there is no assurance, as of the date of publication, that the securities purchased remain in a fund's portfolio or that securities sold have not been repurchased.

RISKS

Investors in the Fund should be able to withstand short-term fluctuations in the equity markets and fixed income markets in return for potentially higher returns over the long term. The value of portfolios changes every day and can be affected by changes in interest rates, general market conditions and other political, social and economic developments.

The Fund is 'non-diversified' and may assume large positions in a small number of issuers which can increase the potential for greater price fluctuation.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

For more complete information, visit www.bbhfunds.com for a prospectus. You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

Shares of the Fund are distributed by ALPS Distributors, Inc. and is located at 1290 Broadway, Suite 1000, Denver, CO 80203.

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Not FDIC Insured **No Bank Guarantee** **May Lose Money**

BBH Fund Information Service: (800) 625-5759

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